

SPIRITS & TOBACCO

JULY 2017 · SPECIAL ISSUE



Edrington's Macallan
– there's plenty of room
for growth at the top p 22

Value & provenance p 6 Trending to premium p 10 Wine prospects p 14

A spirited recovery



The fact that the Spirits category is a clear sales driver for the duty free and travel retail industry might imply easy success for those within that category, but a great many challenges in recent years has meant that is not necessarily the case. Some of the most important countries have recently suffered from economic strife – most notably Brazil, Russia and China – and because of their relative size, this affected entire regions. Local currencies dropped along with consumer confidence.

Hand in hand with economic strife generally comes tightening of belts, and for many if not most retailers in this channel, that meant taking fewer chances with new SKUs, making it even harder for new brands to break through.

But all is far from doom and gloom. First, the latter half of 2016 saw economic recovery begin in earnest in almost all regions, so H1 of 2017 was positive pretty much across the board. Also, despite the economic difficulties in certain regions, traveler numbers have continued throughout to increase by approximately 6% per year and this trend is expected to continue for the foreseeable future.

Finally, those who create and market both spirits and cigars are incredibly talented innovators. New packaging, new brands, new activations and new presentations are all part of an industry-wide recovery. Of particular note? Despite dire warnings that one needed to be in a virtual race to the bottom to succeed in the changed environment, luxury continues to be a sales driver in the channel, as long as there's a good story to tell.

We at *Americas, Asia and Gulf-Africa Duty Free* hope you'll enjoy reading this special category-focused issue, with wisdom and insight from market experts such as TFWA President Erik Juul-Mortensen and m1nd-set owner Peter Mohn, and from the retailers and brands that work together to make sales happen. Please feel free to share with colleagues and others who will find it of interest.

Sincerely,

Wendy Morley

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10



16

36



33

FEATURES

Marie Brizard Wine & Spirits
Diageo
Bacardi
William Grant & Sons
Ron Abuelo
Beam Suntory

15	Patrón	30
16	Disaronno	31
18	Macduff	32
20	Choya	35
24	J. Cortès	39
28	KT International	40
	Imperial Tobacco	42

What's inside

LEAD STORIES

6 Liquor Overview

CATEGORY UPDATE: LIQUOR

An uptick in sales in 2016 is supporting promising signs of a regional rebound for the liquor category

10 Spirits Trends

HIGHER END

A clear trend in global spirits sales growth is away from high volume, low quality and toward premium and above

14 Giowine

NEW DIRECTION

Until now, retailers have been reluctant to take up space with a wine selection. As an industry, that may need to change

22 Edrington

CONSTANT EVOLUTION

Since creating its own travel retail division in 2014, Edrington continues to make waves and grow sales

26 Halewood

GINS LEAD THE WAY

Despite choppy global waters, Halewood Wines & Spirits is making significant headway with its portfolio of premium gin and vodka brands in travel retail

33 Distell

ASIAN PROMISE

High profile Amarula 'Name Them, Save Them' campaign adding note of distinction to shelves across Asia, with the Nederburg wine label also engaging regional audience

36 Davidoff

ROUTINELY REMARKABLE

Davidoff might be in a position to rest on its good name, but the company continues to innovate, offering a seemingly never-ending stream of new items to excite the aficionado

38 British American Tobacco

CATEGORY EVOLUTION

In an ever-changing category, BAT uses innovation to offer new choices to adult travelers

Category update:

Liquor

BY CLAIRE MALCOLM

An uptick in sales in 2016 is supporting promising signs of a regional rebound for the liquor category, but the industry continues to walk the tightrope between value and differentiation while holding its glass half-full

The second largest category in duty free and travel retail, after fragrances and cosmetics, liquor sales in duty free and travel retail increased by 3.5% to US\$10.5 billion in 2016, according to Generation Research data.

Asia Pacific closely follows Europe, which is the largest global market, and registered a 5.2% increase to reach US\$3.5 billion. Not surprisingly, airport shops was the strongest channel globally, growing by 3.7% to US\$5.8 billion, while 'other' shops also registered growth, up 3.6% to US\$3.6 billion.

According to Erik Juul-Mortensen, TFWA President, the challenges facing the liquor category are no different from other areas of the business, namely currency instability, political uncertainty and terrorism concerns.

Andrew Ford, APTRA President, is blunt when discussing Asia-specific challenges. "Besides geopolitical tensions such as that between China and South Korea, the main challenges faced by the liquor category are rooted in misguided policies of national governments. One government may decide - without warning or consultation with the industry - to oblige suppliers to publish ingredients and nutritional values in multiple languages



on every liquor and comestible SKU sold in their country, including travel retail locations.

"Other governments quickly follow suit, again without consulting those who will have to implement this cumbersome policy. Their motives may be laudable but the impact on suppliers who operate in a multinational export market is onerous."

According to Ford, Nepal is one country where APTRA is currently working with local stakeholders to ensure that recent government changes regarding the strict controls on consumption, advertising, sales hours and health-warning labeling of alcohol in the domestic environment will not spread to duty free.

However, he reports evidence of an encouraging rebound from the all-important Chinese traveler, which is favorably impacting all luxury goods categories, including wine and spirits.

"The strengthening of the ruble has also led to a resurgence of Russian travelers in their preferred markets, which includes various Asia and Australasian countries," he remarks.

Travelers around the world are also becoming increasingly discerning when it comes to the decision to purchase – or not.

Mid-set Business Intelligence Service data (BIS), which is based on 26,000 face-to-face traveler interviews conducted at airports around the world, determined that the top reason for the category visit decision was price advantage (37.6%) with 'value' (value for money and a clear price advantage) scoring high-

Andrew Ford,
APTRA President



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Peter Mohn,
Founder & MD,
m1nd-set

est among all age groups surveyed (84%) when asked about their purchase decision motivation.

Interestingly, store experience also scored highly, particularly among millennials (64.8%) with having enough time to shop highlighted by all age groups. And, as expected, exclusivity and 'difference' featured in third place, with inability to purchase elsewhere and convenience also factoring in.

Juul-Mortensen reports seeing continued focus on products with which consumers can connect, and

that tell a story, as well as new sensory experiences. "While the terms 'craft' and 'artisanal' have perhaps been overused, consumers are looking for brands with provenance and transparency in their marketing. This trend provides a perfect opportunity for duty free and travel retail, where 'creating a sense of place' remains a priority," he says.

When it comes to specific sub-categories, he highlights the increasing popularity of single malts and a growth in demand for gin (a previous slow performer), with a vast array of new brands and presentations coming on stream.

From the APTRA perspective, Ford says that it is witnessing an evolution of the general offer with more bespoke merchandising, promotions and localized initiatives.

The tricky value-innovation equation was highlighted in the m1nd-set B1S data, with high prices and a lack of promotions scoring a disappointing 78%, or higher, among surveyed non-buyers; followed by lack of assortment.

Says Juul-Mortensen: "Continued innovation and product differentiation are key, and there is no doubt that we need to offer passengers more from duty free and travel retail more than simply cheaper prices – whether that's an exciting shopping experience, appealing promotions, or great products that they simply can't buy anywhere else."

"Communication is also key, and we need to work harder. For example, research from Counter Intelligence Retail found that 40% of shoppers engage with staff, but to navigate rather than to engage in a sales conversation. Nearly half would buy more, but don't know about the value, and 60% say travel retail exclusives have appeal, but only one in five know about them."

M1nd-set's B1S data reveals that when they do buy, 47% of shoppers make a promotional purchase with almost 20% buying only promotional items, and 43% opting for unique or duty free exclusives.

"Duty free and travel retail is not simply a value proposition and innovation is critical. We need to ensure the channel has unique product offerings, that it provides a different and excellent shopping experience. It is also vital that we have the best-trained store staff, and this includes training on the APTRA responsible retail training program," remarks Ford.

"Shoppers also appreciate a sense of place, looking for sake on their visit to Tokyo or baijiou in Beijing. The liquor brands and retailers respond to this with fabulous local beverage displays decorated with national iconography. Even foreign brands create local renditions of popular SKUs to appeal to key passenger profiles. The category also lends itself to tastings and activations with glamorous pop-up bars appearing on a regular basis in travel retail stores worldwide. Brands are amazingly creative in their display and packaging; indeed some brands seem to have adopted style notes from the fragrances category," he adds.

The growth of e-commerce as a category support channel, as well as a competitor, is something that Ford sees as inevitable, but manageable, as he explains: "The ubiquity of Wi-Fi enables our customers to compare prices for certain products wherever they are."

"However, if the industry takes heed of the numerous research reports which all advocate a need for greater uniqueness with different products and travel retail exclusives, online price comparison searches will reveal the unique nature of the business and the consumer will be convinced to purchase in the travel retail store."

Looking forward, Juul-Mortensen says: "Wines and spirits is and will always be a vital part of the duty free and travel retail product mix. Alongside confectionery it has the highest conversion rates, with around three in 10 shoppers visiting, and 15% purchasing, according to TFWA research from Counter Intelligence Retail."

Ford is equally upbeat, but also issues a word of warning to the industry. "On all these counts the future for liquor is indeed rosy. However, we should be aware that it is also the target of health lobbies and consumer rights campaigners who wish either to restrict sales or ensure that it abides by onerous labeling and display regulations."

"The challenge is to increase both footfall and penetration, and together with the growth of the number of passengers travelling within and from Asia this can only benefit the category as these passengers traditionally have a strong interest in wines and spirits. In addition, Russian passengers, who have been important to this category, will return," concludes Juul-Mortensen. ■





INFINITE LAYERS OF FLAVOUR

GLENFIDDICH
CASK COLLECTION
A TRAVEL EXCLUSIVE

Higher end

A clear trend in global spirits sales growth is away from high volume, low quality and toward premium and above, which is especially good news for travel retail BY WENDY MORLEY



For spirits retailers, the news is good in 2017; while overall alcoholic drinks sales are down -1.3% in 2016, according to the IWSR, this decline has been at the expense of beer and not spirits, which showed a very slight increase in sales at 0.3%. Even better news for the industry is that the premium spirits market is fueling sales, and the global cocktail trend is expected to continue, with global consumption of mixed drinks will increase by more than 400m liters over the next five years.

Globally, spirits sales are predicted to grow in the coming years. That growth will be far from even over the subcategories, but overall, the story in growth is in quality as opposed to quantity. While the US has been a hugely important market for all spirits, Asia Pacific is the main region of growth opportunity.

Scotch whisky

After three years of decline, Scotch whisky sales grew 2.6% in 2016. In many parts of the world, including the US, the trend is clearly toward lower volume and better quality, resulting in an overall increase in sales, though this trend is not universal. In most of the world, the trend is toward single malts vs blends, although in many countries blends outweigh single malts to such a degree that the trend accounts for little in sales or volume.

Other whisk(e)y

Anecdotally, Japanese whisky is on fire, with retailers barely able to keep up with demand – no doubt helped by Suntory's acquisition of Beam in 2014, giving the company instant access to established markets. American whiskey has driven global and regional growth for a number of companies, and this consumer



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trend is expected to continue, with estimated growth of 6% CAGR to 2020.

Whisk(e)y is such a vibrant and successful larger category that the news coming out of each smaller subsection seems to always be exciting and positive, and that is certainly the case with the new darling, Irish whiskey. Sales of Irish whiskey in the US, the top export market at 45.5%, increased 20% in 2016 after more than a decade of increases. Sales in the country are expected to double again by 2020. Exports of Irish whiskey more than trebled during the decade from 2002 to 2013, with a huge upward trend starting around 2010 that continued even as whisk(e)y sales slumped, and its share in global whiskey sales continues to expand at a rate many multiples the growth rate of spirits sales. The expected success can be seen by the players; the entry of Brown-Forman and re-entry of Diageo into Irish whiskey distillation speaks volumes.

Vodka

While vodka continues to be the best-selling international spirit, the subcategory has seen better days than of late. Last year sales dropped a further 2% globally, with largest market Russia leading that decline. Add to that the weakened interest in flavored vodka as a whole, an innovation that had driven sales, and it's no wonder there has been a drop-off. As seems to be the case with most categories in travel retail, the biggest opportunity for growth appears to be Asia. Africa is also a potentially growing market.

Gin

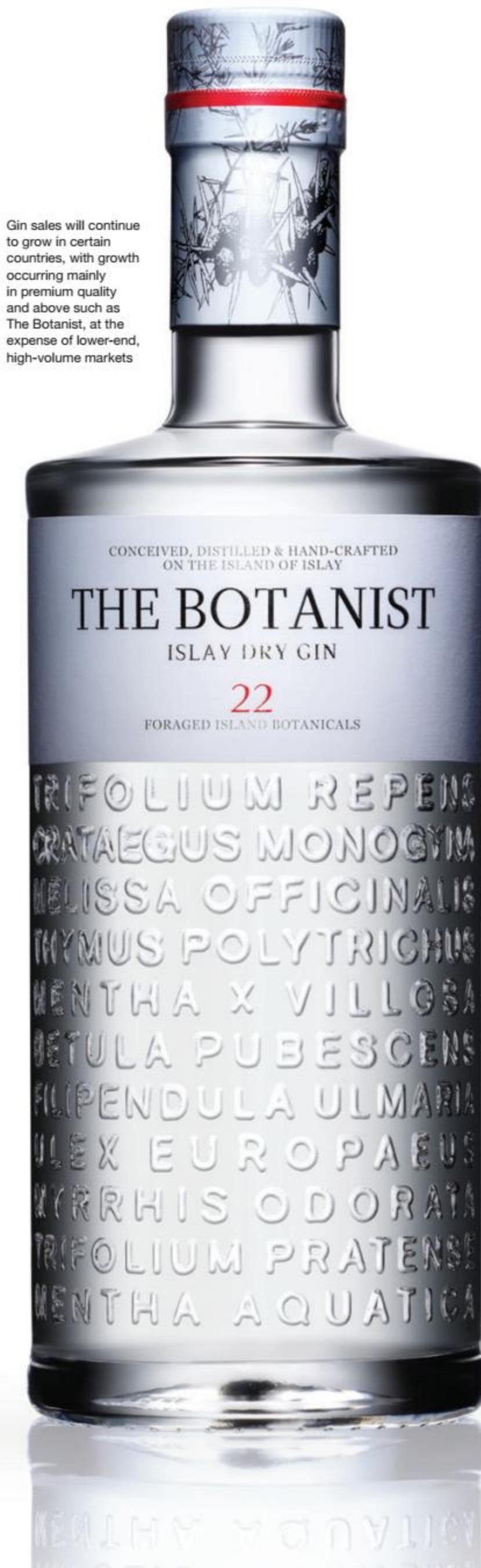
Globally, sales of gin are up once again, (2.5% in 2016), but the growth trends are strongly localized and certainly not expected to continue globally. In certain stronger gin countries, such as India, the Philippines and the US, consumption has begun to decline although, as with the overall trend through much of the world, sales are increasing in the higher end and decreasing in lower end; therefore sales figures could potentially stay stable or increase despite volume decrease.

Rum

Overall, international rum sales, which have been fairly flat over the past few years, are expected to decline slightly as a whole to 2021. While the sub-category's top markets are all expected to drop, this decline is predicted to be strongest in lower-value markets and with lower-range rums, such as in the Philippines and India. Super-premium and ultra-premium rums are still expanding in growth, and some of the better rum markets are expected to show substantial growth in coming years, namely Brazil, Peru, Australia and Jamaica.

Tequila

Tequila, which until the 1990s was not considered possible as a premium drink outside of Mexico, has gone through a huge image transformation, and this continues to result in market growth. While currently North America and the US in particular is by far the largest export market, the subcategory is growing globally. Asia Pacific is considered the market with the greatest growth potential, but EMEA is also rapidly becoming an important contributor to global sales. Growth in tequila sales is clearly occurring at the premium, super-premium and ultra-premium end, especially in the US. ■



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Vineyards in Valpolicella, Italy, where Masi wines originate
PHOTO CREDIT: AARON EPSTEIN

New direction

Until now, retailers have been reluctant to take up space with a wine selection. As an industry, that may need to change

BY WENDY MORLEY

It seems almost like a given that wines would be a big part of the duty free experience. Wine is bought as a gift, it's consumed by the purchaser, it's used for everyday drinking and in celebration. But wine is a tough nut to crack in travel retail. "Retailers would rather buy three cases of whisky than three cases of wine," says Ricardo March, Principal with Giowine. "A notable exception to this is sparkling wines, which have achieved strong representation in travel retail."

But, while there have certainly been exceptions with special wine gift packs, for example, there is no question that wine is underrepresented.

Domestic vs GTR

Retailers have whole sections dedicated to spirits, whereas wines will often be lucky to get shelf space. Why the reason for this disconnect between the domestic and travel retail market?

According to March, part of the reason is that there are simply so many wine suppliers. "It's maybe a little overwhelming, the number of wineries," he says, but quickly adds: "The key is to work with a limited number of well-known brands. Retailers do not have to have every winery represented – just operate with those that are known."

Giowine has three wineries that are well known globally and able to pull in travel retail sales.

- Masi is a very prominent brand from the Valpolicella region of Italy. This wine is known around the world, and especially popular in Europe and Canada/America.
- Batasiolo, from the prized Barolo wine-growing area, is a big brand in Asia, though not yet especially well known in the Americas.
- Planeta wines, from Sicily, are doing exceptionally well in global travel retail.

Cooperative wineries

While an individual winery may not have the ability to truly promote itself to the travel retail operators and then to market to the consumers, a cooperative effort could very well achieve that. According to March, there is a move underway in Italy to do just that, with government backing. With cooperative support, says March, wineries can achieve branding and educational experiences via brand ambassadors, such as tastings, that are difficult to do on an individual basis.



Masi is a well-known winery with a range of wines that work well in travel retail

Opportunities in arrivals

In Brazil, Dufry's duty paid store, Dufry Shopping, has a very large wine section in Arrivals. While Brazil is an exceptional case, given the large amount of domestic travel in the region and the extreme percentage of domestic travelers, this is a model that might be looked at. Other airports have duty free stores in Arrivals, and others still offer duty free delivery on arrival. With travelers wanting to bring gifts to friends, family and hosts and also drinking wine regularly themselves, perhaps there is a great opportunity in Arrivals currently being missed.



Continued progression

BY WENDY MORLEY

Despite "some of the most difficult trading circumstances" he's experienced in GTR, MBWS Global Travel Retail Director Kevin Baker says new signings and increased sales bode well for the company

Travel retail tends to be more heavily affected by socio-political trends than other industries, and the past couple of years have had their share of difficulties. "Economic and political situations have affected Russian travelers, Chinese passengers' spend levels and the economy in Latin America," says Kevin Baker, Global Travel Retail Director at Marie Brizard Wine & Spirits (MBWS). "Add to that the increasing number of terrorist attacks in Europe, the decisions affecting Qatar, the knock-on effects of Brexit, and now the uncertainty in the US following the president's travel ban – these have conspired to create some of the most difficult trading circumstances I've experienced in travel retail."

Against this demanding backdrop, MBWS managed a better start to 2017 than 2016. The company has recently achieved new listings in Europe, Americas and the Middle East. "The Middle East continues to be uncertain," says Baker. "The situation regarding Qatar is destabilizing, and the

US travel ban will certainly have considerable effect. Despite this I believe sales in this region will continue to rise, driven by the tremendous infrastructure investments in airports around the world."

Changing times

Baker feels Brexit offers opportunity. "Although duty free sales for EU passengers will not return to those departing to/from the UK next year, currency changes mean the UK has now become very good value for money for tourists. So we may see a positive knock-on effect to sales at UK airports." He adds: "Although having said that, there may be a reduction in British passengers traveling abroad because Europe and the US are now much more expensive!"

New look, new activations

The company has been running a new promotion at French airports, called: Are you Liqueurious? Baker says: "During April and May, an eye-catching Marie Brizard wall-bay featured in Paris Charles de Gaulle Terminal 2E together with a 'Marie Zest' tasting event in Paris Orly South, supporting 'BuY PARIS DUTY FREE's French Riviera' promotion, in partnership with Lagardère Travel Retail. This was followed in June by 'Are you Liqueurious' tastings in Bordeaux Airport. And we are seeking to roll these out further."

According to Baker, innovations and activations are the key to success in the crowded spirits market, though they are

The company's "Are you Liqueurious" activations introduced the renewed brand to travelers in airports in France. The campaign will roll out further in coming months

by no means a guarantee – nor are they affordable for many companies. "Innovations show no signs of slowing down. This is largely an effort to create more profitable products that are not restricted by benchmark domestic prices," he says. "Retailers' margin pressures also continue to bite into suppliers' bottom line. Building a profitable new business in travel retail is extremely difficult," says Baker.

Keys to success

"Success in the crowded and competitive liquor category demands a combination of innovative and exclusive products supported by engaging activations that appeal to the savvy consumer," he says. "These can be prohibitively expensive for smaller brands, but there are always opportunities for growth. Many smaller brands offer unique, niche, different and interesting products with real appeal to travelers seeking alternatives. It's up to the retailers to make it financially possible for us to work within the channel."

MBWS will exhibit in Cannes, Blue Village D12, with a brand new stand featuring the "Are you Liqueurious" activation, supported by a cocktail bar on the stand and a great Marie Brizard sensory feature.

MBWS recently executed a complete redesign of its packaging, ensuring all Marie Brizard items have a similar look and feel



Leading the charge

With strong views on the importance of travel retail and some of the biggest spirits brands on the market including the leading whisky, Johnnie Walker, Diageo is in a position to leverage its strengths and increase category spend

BY WENDY MORLEY



Johnnie Walker Platinum Label has recently been rebranded as Johnnie Walker Aged 18 Years



Master Blender Jim Beveridge created the multi-award-winning Johnnie Walker Platinum Label, now Johnnie Walker Aged 18 Years

If ever a company has invested in global travel retail, Diageo is it. Dayalan Nayager, Managing Director Global Travel for the company, says: "Travel retail is a vitally important channel for Diageo – it is the channel in which we showcase our iconic brands, set the benchmark for retail excellence and create engaging shopping experiences for travelers through strategic partnerships with our customers."

While it's imperative for travel retail brands to invest in promotions, packaging, signage and more, Diageo takes that many steps further. "We recognize the consumer landscape is continuously changing and the Global Travel industry must evolve with these changes," says Nayager. "In line with our strategic focus on premiumization, innovation and developing the luxury opportunity, we'll continue to invest in offering shoppers products across the pricing ladder: from our premium core portfolio, to recruiting the emerging middle class into our reserve portfolio brands." He says improving the shopper experience and having the best visibility across top airports around the world will continue to be motivations for Diageo. "We have stepped up our investment in luxury retail activations, taking a leadership position in transforming the category into a more engaging environment."

Digital reality

Nayager says the company understands that the digital world has had and continues to have massive impact on consumer purchasing. "The technology revolution is continuing to change the way people socialize and share information as well as their

relationship with brands and how they make purchases," he says. "There is now a full generation of millennials who were 'born digital,' and this has massive implications on how we should do business," he says. "We are operating in a world where consumers expect their content to be device- and channel specific and see no difference between content and commerce. We have to embrace digital by establishing a platform that changes how our consumers discover and buy our brands as well as supporting us to make more informed decisions through the use of digital data. We aim to create stronger alliances with the stakeholders involved in the traveler's journey to offer unique, personalised and engaging shopping experiences."

Regional growth

Nayager sees the Americas as a vital region in travel retail. "It benefits from both the developed markets in North America and strong emerging markets in Central America. This has allowed us to drive growth for our global brands like Johnnie Walker as well as more local brands like Crown Royal and Buchanan's," he says. "Over the last three to five years, airports in the Americas – especially the US – have gone through a major retail transformation led by international operators like DFS, Dufry and WDFG. Some key airports including LAX and JFK T4 have renovated their terminals and upgraded the duty free experience. Shoppers can now experience what they have come to expect in Europe and Asia with bigger and modern stores, with promotional activities and brands investing in personalised units."





Diageo recently opened three new Johnnie Walker Houses in Asia, including this one in Beijing



In the very first instance of co-branding, Johnnie Walker and Shui Jing Fang, Baijiu made in China's oldest distillery, share space in the Johnnie Walker House at Beijing Capital International Airport

All eyes to Asia

As with many companies currently, India is of particular interest to Diageo. "Aside from the Americas, we see India as an exciting opportunity," Nayager says. "Passenger numbers continue to grow strongly and significant upgrades in a number of smaller airports such as Chennai, Hyderabad and Calcutta have made a difference. We will look to capitalize on this with regional partnership opportunities."

Asia Pacific continues to be an important market for the company as well, and this offers opportunities for Diageo's famed Johnnie Walker Houses. "Travelers in Asia, in particular, are looking for innovative luxury shopping experiences that both educate and inspire them. So, in the last year we were absolutely thrilled to extend the Johnnie Walker House footprint in Asia Pacific and bring three Johnnie Walker Houses to life," he says.

These three new Houses include the opening of two Johnnie Walker travel boutiques in Incheon International Airport and an exciting all-new experience: the first ever co-branded luxury space in Beijing Capital International Airport, between Johnnie Walker and Shui Jing Fang, Baijiu made in China's oldest distillery. "This reinforces our long-term commitment to the travel retail channel providing travelers with a luxurious and inspiring shopping experience, in one of the most exciting travel retail regions worldwide," says Nayager.

The importance of partnerships

As the top-selling whisky in the world, Johnnie Walker will always hold a special position and the Johnnie Walker Houses are especially important in travel retail, but in partnership with Motta's Attenza Duty Free, the company recently opened the largest Diageo-exclusive store in the International Departures concourse of Quito International Airport in Ecuador. "As the largest personalized duty free store in the region for Diageo and the first of its kind for Motta, the shopping area is designed to inspire and stimulate travelers with eye-catching personalized branded wall bays featuring regional best-sellers Johnnie Walker, Buchanan's, Old Parr and Zacapa," says Nayager. "Partnerships are increasingly important in this new world and a growth driver for global travel space. As market leaders in category management, we will continue to work closely with partners and use consumer insights and innovation to help shoppers find the products they want with minimal effort when in store."

Global travel trends

According to Airport Council International figures for 2016, global international air passenger numbers increased by 6.5%. Despite tough trading conditions continuing into the first half of 2016, IWSR figures show liquor sales returned to normal when the year is regarded as a whole. "The Scotch category continues to perform well and is an area in which we are continuing to invest heavily, both blended and malts," says Nayager. "Building the whisky category with our retail partners is critical to our long-term success and we are fully committed to doing this."

Innovations

Johnnie Walker Blue Label Rooster Pack was released in time for Chinese New Year at the beginning of this year, and Diageo recently released the GTR-exclusive Johnnie Walker Island Green. "The Scotch whisky showcases the same blended malt craftsmanship as the critically acclaimed Johnnie Walker Green Label, but with a greater influence of smoky, maritime malt whisky," says Nayager. "We're truly excited for the new release; it is set to transform the Scotch category, helping Scotch drinkers explore malts through a trusted and well-known brand."

The company also rebranded its multi-award winning Johnnie Walker Platinum Label with the launch of Johnnie Walker Aged 18 years.

The coming years

Looking forward, Diageo is in an exciting position to leverage its expertise, innovations and brands to make the most of the growing opportunity. "Millennials and the emerging middle class will have a major impact on the travel retail landscape," says Nayager. "We see this as a huge opportunity for growth. Diageo's ability to build ecosystems of partnerships and 'platforms,' where our skills and expertise combine with those of others to create new sources of incremental value, is pivotal. We will also continue to leverage the scale of our Premium Core range amongst brands such as Smirnoff and Baileys. Additionally, the increase in demand for luxury and innovation will support our ambition to drive forward our brands within the Reserve portfolio such as Tanqueray 10, Zacapa, Ciroc and Bulleit."



Brand Ambassador Euan Auld leading tutored tastings of the Dewar's® Emporium range during the Festival

A nose for whisky

BY WENDY MORLEY

Bacardi is introducing the Asian consumer to Dewar's and other whiskies with a whole new Emporium design that includes an olfactory experience



Tommy Dewar's creativity and passion for the emotional thinking behind the brand were brought to life in illuminated vapor jars, which invited travelers to come and experience Dewar's in a whole new way

Scotch whisky continues to be a strong category for Bacardi Global Travel Retail, driven by the wide range of age-statement options in its single malts and in the Dewar's blended Scotch range. The company says this is especially pertinent for engaging with consumers at the second stage of luxury, as age statements are important to them. This consumer group is also motivated by the discovery of niche brands, especially those offering heritage and provenance. "We see this as a trend that will continue to grow as more millennials travel internationally."

The John Dewar & Sons Fine Whisky

Emporium, a concept first announced in Cannes, 2014, and introduced in airports around the world since then, has been displaying its new interpretation in a partnership with DFS Group. This was the first time the new version of the Emporium appeared in Asia Pacific, exclusively at DFS in Singapore Changi Airport's Terminal 2 Wines and Spirits Duplex. The activation was timed to include the DFS Whisky Festival at Changi in June. The new Emporium design attracted and engaged millennial consumers with its eye-catching contemporary installation, in the Fountain Bar of DFS' Wines and Spirits Duplex.

Two brothers

It was John Dewar's sons - John Alexander Dewar and Tommy Dewar - who made Dewar's such an international success, founded on their two distinctly different passions. According to Bacardi, the individual strengths of John Alexander and Tommy are highlighted through the contrasting elements of the DFS campaign and lie at the heart of Dewar's. Tommy Dewar's creativity and passion for the emotional thinking behind the brand were brought to life in illuminated vapor jars - a visual intrigue inviting shopper interest to an innovative whisky sampling experience.

Shoppers were invited to use their olfactory senses to explore the Dewar's flavor profile and double-aging through vapor. The choice of vapor samplings featured Dewar's 15YO, Aberfeldy® 18YO and The Royal Brackla® 12 YO - "the King's own whisky" and one of the key malts within the Dewar's blend.

Vinay Golikeri, Regional Director, Asia Pacific & Middle East Africa, Bacardi Global Travel Retail said: "It's exciting to be one of the first markets to launch this new interpretation, which engages shoppers with the whisky category in a radically new and intriguing way. Changi is a key airport for us to reach millennials and stage two Luxury Shoppers in the region. We are introducing them to the originality and fun of the Dewar's family and delivering penetration and trade-up as they explore the versatility of the range."

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The revamped Glenfiddich Cask Collection, which debuted in Cannes last year, reflects the brand's own pioneering history

Looking beyond the label

From Glenfiddich distillery tours using virtual reality goggles to Hendrick's bicycle-powered cucumber slicers, William Grant & Sons doesn't disappoint when it comes to engaging an audience

While Taiwan, Australia and Singapore hold court as high performing markets for William Grant & Sons (WGS), geopolitical issues in the region and a shifting retailer landscape mean that the challenge of constantly looking for opportunities to excite shoppers remains crucial to the company's continued travel retail success.

"We are in growth across the entire ASPAC region and our key brands are flying. For example, Monkey Shoulder is growing really fast in Australia and we also recently learned that it's one of DFS' fastest-growing products in Singapore," says Ifan Jenkins, Head of Marketing, Global Travel Retail.

"It definitely plays to a few trends at the moment, and hits the target market of the younger travel retail consumer, plus it has an accessible price point," he adds.

William Grant & Sons uses travel retail as a global stage for building brand equity with airport activations as part of its strategic focus. "If we're talking single malts then the Glenfiddich Cask Collection plays into this. We want to win over new customers and get them in at entry level, and then travel with them on their whisky journey as they evolve," explains Nigel Ng, the company's Singapore-based Regional Marketing Manager.

The revamped Cask Collection, which debuted in Cannes last year, is distinctive on shelf, and this reflects the brand's own



pioneering history, according to Ng.

"It's really important to us as Glenfiddich represents a significant proportion of our business, and the Cask Collection is the number one travel retail single malt; so making it easy for shoppers to identify helps grow the whole single malt category," notes Jenkins.

The emotional connection is the cherry on the cake for Jenkins, as he explains: "If we can build that on top of an amazing tasting product, then people will love the brand even more.

"Hendrick's is a really great example of something that tastes amazing but where consumers have really bought into the surreal Victorian world and quirky story around it. So when we run activations around things like annual World Cucumber Day, this strongly resonates with the public."

The current cocktail trend in Southeast Asia is another area where Ng sees unbridled opportunity. "We are riding on this wave with Monkey Shoulder, Hendrick's and Sailor Jerry, which are all great cocktail-making brands and play a big part in our success," he says.

With a younger cocktail quaffing demographic the new breed of travel retail consumer, WGS is also putting considerable effort into online presence.

Says Jenkins: "We have web presence for all our brands and are really active on social media with a lot of video content shot around our activations calendar, both

for domestic and travel retail markets. We also work closely with retailers to ensure that our content is on their sites as well.

"In Asia particularly, people do a lot of pre-planning and will research brands in advance of travelling, so the more exciting, engaging and emotionally relevant, then the stronger the connection when they finally enter the shop."

The team measures its social media engagement success by keeping a close watch on likes, comments, shares and other metrics, and a recent digital campaign for its Glenfiddich 21-year-old, that told the story of its origins, generated over 15 million global views.

Commenting on its latest travel retail exclusive, The Balvenie Peated Triple Cask Aged 14 Years, Ng says: "This expression will only be launched in markets where our consumers are very close to The Balvenie brand, so they know it through the core range and we can then introduce them to a more unique flavour profile."



WGS reports that Monkey Shoulder is growing really quickly in Australia and is also one of DFS' fastest-growing products in Singapore Changi

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Constant evolution

Since creating its own travel retail division in 2014, Edrington continues to make waves and grow sales, all while

BY WENDY MORLEY

Over the past few years, in travel retail at least, Edrington has appeared to be in a constant state of flux. But this by no means implies a lack of progression. Quite the opposite. Performance has been strong in all regions, fueled primarily by the company's "crown jewel" – The Macallan. "Product innovation, retail initiatives such as The Macallan Boutique, the continued strong performance of prestige bottlings and a focus on premiumization and storytelling are collectively providing a level of resilience against the discounting trends affecting buoyancy in the category," says Igor Boyadjian, Managing Director GTR. "Highland Park is also growing at a similar rate, with our investments in channel exclusive product innovations resonating well with consumers."

Regionally, Asia continues to be the major growth driver for Edrington's travel retail business, with The Macallan being a particularly strong performer. While the company is not seeing growth in Europe, which tends more toward blends, it is holding steady. The Middle East has shown strong performance, driven by Edrington's strong partnership with Le Clos, which has resulted in several world-record sales of The Macallan over the last 12 months.

New retail experience

In terms of innovation at the retail level, for Edrington the highlight of the past year was the unveiling of The Macallan Boutique at Taiwan Airport. "Consumer engagement and storytelling is at the heart of the strategy for growing The Macallan in travel retail, and the concept embodies this approach by delivering the ultimate Macallan experience in the world's first mono-brand single malt Scotch whisky boutique," says Boyadjian. "A number of detailed design elements and interactive digital installations take travelers on a journey of discovery and exploration, giving them unique insight into the DNA of The Macallan."

Elements within this retail environment include: Master of Wood, which highlights the importance of wood in the maturation process and introduces shoppers to the three cask types that The Macallan matures in; Master of Taste, which allows consumers to explore the prominent flavors and aromas of The Macallan through interactive nosing; and Master of Convenience, which includes a sliding interactive digital screen offering information on the core range. "This retail experience is supported by a strong focus on product differentiation – resulting in the largest range of The Macallan in travel

Innovations such as The Macallan Rare Cask Black and its Masters of Photography series continue to intrigue and entice the whisky's aficionados



Edrington's strong partnership with Le Clos, in Dubai, has resulted in several world-record sales of The Macallan over the last 12 months

retail," says Boyadjian. "We're extremely pleased at the performance to date, with sales and average transaction values up significantly."

Other news

Earlier this year, Edrington re-acquired The Glenrothes brand. "Edrington and Highland Distillers have owned the Glenrothes Distillery & Cooperage since 1887," says Boyadjian. "Reuniting the brand and distillery will allow us to accelerate Glenrothes' growth in international markets through a more consistent approach."

Edrington also just bought out WEBB, its partner in the Americas since January 2015, following a similar strategy in other parts of the globe. "Our joint venture with WEBB proved exceptionally successful, delivering high double-digit growth," says Boyadjian.

On the horizon Edrington will be announcing something big with its biggest brand. "We will be sharing some major news from The Macallan," says Boyadjian. "We are committed to investing in our brands to keep them relevant in this channel, and the innovation we will be delivering around The Macallan this year will be a major step in the brand's evolution in travel retail."

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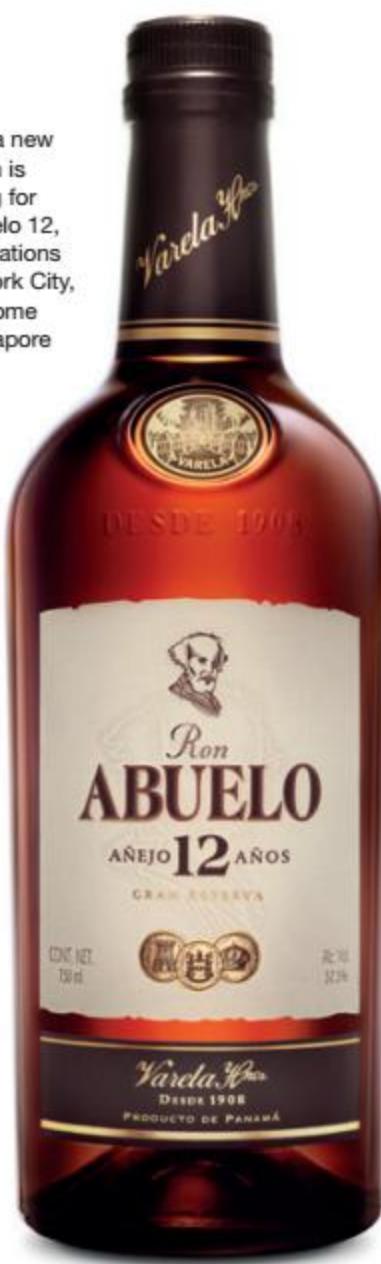
Ron Abuelo has made huge headway around the globe with its Finish Collection, and that's just the beginning

BY WENDY MORLEY

For Ron Abuelo, the first half of 2017 has been "amazing," according to Ricardo March, Vice President, Varela Imports. "New markets have opened up. The aged rum category is really taking off in Europe."

But the real story is Asia, where the trend toward ultra-premium rum is evident, says March. This is especially

This fall, a new campaign is beginning for Ron Abuelo 12, with activations in New York City, Miami, Rome and Singapore



the case for Varela's completely unique product called the Finish Collection. In fact, Asia is so strong that the company recently hired someone based in Singapore to look after the region – a substantial move for a smaller family-owned company. As yet, the US and Caribbean have not quite caught up with the aged rum movement, but March hopes this is on the horizon.

The Finish Collection

Whereas it's quite common for a whisky to be finished in casks that had contained any number of different liquids, this is generally not the case for rum. Varela turned that reality on its head with the Finish Collection, consisting of three rums aged 14 years and then finished in Oloroso sherry (Oloroso), port (Tawny) and Cognac (Napolean).

It's difficult to overstate the success of this collection. "Within the first few months we sold our entire inventory," says March. Because this liquid must mature in its finishing cask, it cannot be immediately produced; this creates the enviable problem of having far greater demand than supply. The company is currently working hard to supply that demand, and will have new product available for 2018.

The Finish Collection sold out in just a few months; as the company awaits the batch that is currently maturing, it will release a three-pack of 200mL in Duty Free

Sampling is paramount

Tastings have been a big part of the Finish Collection's success, and the company has offered samplings of these liquids in airports across the globe, including Asia. "This collection works well for Asian consumers because they understand Cognac," says March.

The company has had activations with Dufry and DFS in Changi Airport in Singapore. The demand has been so great that a new three-pack of 200mL bottles will be released soon, as a duty free exclusive – a perfect gift or sampler for the traveler.

Further innovation

Hot on the heels of the Finish Collection and its new three-pack, Ron Abuelo is introducing another innovation for rum. Ron Abuelo Double Oak is first aged in a refill cask and then placed in a brand new, medium toasted oak cask to finish for one year. This unique offering will launch in November, just in time for the busy gifting season.

Along with the launch of the Ron Abuelo three-pack this September is coming a substantial campaign for Ron Abuelo 12. Activations will be taking place in Singapore, Rome, New York City and Miami. ■



Travelers passing through London Luton Airport in March celebrated the spirit of Ireland and St Patrick's Day with a special tasting organised by The Pogues Irish Whiskey and Lagardère Travel Retail

Gins lead the way

Despite choppy global waters, Halewood Wines & Spirits is making significant headway with its portfolio of premium gin and vodka brands in travel retail



Simon Roffe, Managing Director Global Travel Retail, is upbeat about the future of Halewood Wines & Spirits' premium gin and vodka brands in travel retail

Since entering the channel only two years ago, Halewood Wines & Spirits reports that it is making good progress in travel retail, particularly with its premium gin and vodka brands. The company, a medium-sized family business based in the UK city of Liverpool, also has a portfolio of wines, craft beers, mixers, and ready-to-drink products, but it's the gins that are leading the way.

In just two years since the firm launched in travel retail, it has secured significant listings, such as the global roll-out of Whitley Neill London Dry Gin in travel-exclusive one-liter bottles across the Gebr Heinemann network, as well as listings with a number of the German operator's key distribution customers, which provides its portfolio with visibility across Europe.

"The biggest news in the airports is our listing with the Heinemann network and most recently the launch of the gins from the unique City of London Distillery with LS Travel Retail," said Simon Roffe, Managing Director Global Travel Retail, Halewood Wines & Spirits.

As part of its launch with Gebr Heinemann, Whitley Neill will feature in 17 locations across Europe this December with in-store activation and off-shelf displays.

Boosting brand awareness

Meanwhile, the rapid expansion of Halewood's premium spirits portfolio in the UK and the listing of Whitley Neill in all British



Halewood has secured significant listings since its travel retail debut, such as the global roll-out of Whitley Neill London Dry Gin in one-liter bottles across the Gebr Heinemann network

supermarkets are increasing awareness of its brands and having a marked impact on the company's performance in travel retail.

"We launched Whitley Neill alongside our City of London Gin in both London Luton and London City Airports in May as part of LS Travel Retail UK's gin festival. This is an example of smaller suppliers working together to cover marketing costs, which are often a barrier to a single brand," said Roffe.

Whitley Neill Gin is Halewood's figurehead, alongside Liverpool Gin, Liverpool Vodka, Marylebone Gin, and The Pogues Irish Whiskey. "On the ferries we are having some early success with our Surprisingly Good Wines and, of course, Crabbies Ginger Beer and our craft beers," said Roffe. The recent company acquisitions of Hawkshead Brewery and Sadlers Brewery in the UK will also enable Halewood to offer innovative beer brands to operators.

Whitley Neill is listed onboard UK-based airline Flybe for the summer. "Hopefully that is just the start, but with airlines restricted on space and the presence of old familiar brands in the onboard bars, the airline channel is a real challenge," he said.

However, Whitley Neill, Marylebone and Liverpool Gin are participating in the British Airways summer drinks festival in the airline's UK First and Executive lounges, demonstrating Halewood's commitment to the channel.

"We hope to leverage that to secure airline retail listings as well as targeting the onboard drinks catalogues for the providers looking to offer more premium SKUs," he noted.

The chance to bring a sense of place

In another UK development, Halewood recently struck a sponsorship deal with Liverpool Football Club for its Liverpool Gin and Vodka brands. The new partnership, which consists of sponsorship and marketing initiatives, will create exciting new opportunities for Liverpool Gin and Liverpool Vodka given the massive global appeal of the Liverpool FC brand, explained Roffe. Liverpool Gin will also be supported with a number of in store tastings across Dufry UK's core airport stores.

Meanwhile, Whitley Neill and Crabbies have had listings for a number of years with UK-based cruise and ferry operators, and now its range and the number of operators with which the company is working has expanded. Halewood can meet the demands of the cruise lines for their house brands and value wines as well as offering its premium gins in the premium onboard bars.

A wide range of Halewood's gins – Liverpool Gin, Whitley Neill, JJ.Whitley – are launching this summer with Tallink-Silja Line.

Haleybrooke International, Halewood's agent in the Americas, has placed Whitley Neill and The Pogues Irish Whiskey with a number of border stores in Canada and, following the 2017 IAADFS show, the company is following up on interest expressed by several key operators.

Regarding consumer trends, the interest in craft and premium spirits has never been stronger, and the chance to bring a sense of place, a unique experience and options for exclusivity has never been more enticing, enthused Roffe.

In a bid to be distinctive, Halewood recently staged a particularly exciting activation for St Patrick's Day. Travelers passing through London Luton Airport in March were able to celebrate the spirit of Ireland and St Patrick's Day with a special tasting organized by The Pogues Irish Whiskey and Lagardère Travel Retail. "There were fiddlers and fans, gifts and drams - the whole thing lit up a dull winter airport scene and gave The Pogues Irish Whiskey a huge boost," smiled Roffe.

Roffe notes that younger consumers "are certainly exploring and sampling the channel with alacrity." The millennial generation are more connected than their elders; they share experiences, purchases and product searches online and on social media, so the company has to offer "a point of difference from domestic retail, an experience, a value proposition."

Turning to the outlook for 2017, Roffe is sanguine, considering the myriad challenges faced by the industry. He said: "The liquor sector, like the rest of the industry, has been on a roller-coaster: above average growth for a few years, financial crisis, return to growth, geopolitical issues, exchange rate volatility, terrorist attacks... if you want a quiet life, you do not choose international trade."

"On top of that, in travel retail, we have the repercussions of retail consolidation, which makes it a tough environment for smaller and emerging suppliers like Halewood as they fight for space against the big boys."

Keeping an upbeat attitude, he continued: "We will keep knocking on doors, offering a new perspective, a fresh offer which will engage the consumer. We are as tenacious as we are confident in the quality and strength of our products, and ultimately we will be rewarded with the organic growth our brands deserve."

Whisky galore

BY WENDY MORLEY

When a company has a whisk(e)y portfolio this deep and vast, it's no surprise that it becomes the global focus

For Beam Suntory, according to Michael Cockram, Marketing Director Global Travel Retail, the first half of 2017 was a great start to the year. "We are excited to have activated promotional campaigns for one of our leading Bourbons, Maker's Mark, in key airports across the regions from February and throughout the year, as well as repackaging Jim Beam Black, with the new bottle design paying homage to the rich heritage of Jim Beam, dating back to 1795," he says.

Regions of interest

Asia appears to be the shiny brass ring for many companies these days, but while that region is certainly important for Beam Suntory, Cockram says the Americas region is especially significant. "The US is still the biggest opportunity for growth and expansion for us, as it is the largest spirits market in the world," he says. "As the producer of 70% of the world's finest Bourbon and with unparalleled expertise in whisk(e)y across all categories, Beam Suntory is uniquely equipped to take advantage of the growing demand for Bourbon in this region. We are also seeing lots of opportunities in key LATAM hubs along with Canada, which is home to some of the region's premier international airports."

The rest of LATAM also offers plenty of opportunity for the spirits giant. "The US and Caribbean are consistent performers for us, and we are actively investing in growing our market share in both. Mexico is continuing to make strides in growing spirits categories and LATAM will be a focus for growth in 2017 as we look to expand our portfolio with key retailers there. Lastly, Canada is a market that we are looking to grow in as well, as it is home to some of the region's premier international airports," he says.

While the Americas might be the biggest regional focus for the company, the emerging middle class in India and China is also expected to fuel year-on-year growth as they continue their intra-Asian travel. "These 'emerging market travelers' are moving away from traditional products and instead seeking out new and unusual categories that they can share within their social networks," says Cockram. "As emerging-market travelers seek out new and interesting products, we anticipate continued growth within the Bourbon category across the Asia Pacific region."



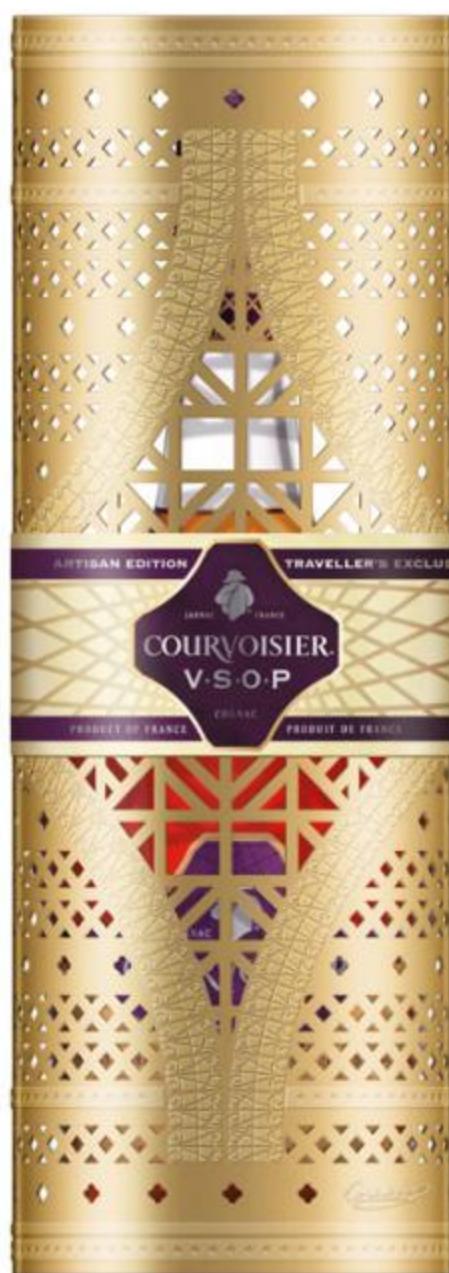
Beam Suntory is relaunching its travel retail range with age statements for the first time in five years

Whiskies and more

With some of the most recognizable brands in the category, Beam Suntory is well known for its Bourbon. Cockram says education and expansion are keys with its Bourbon portfolio. "Beam Suntory GTR takes a category-leading approach, focusing on educating consumers and expanding our Bourbon footprint across the world through the Bourbon Legends platform," he says. "American consumers are naturally more educated on Bourbon; therefore there is generally a greater desire for discovery and exploration within the category in the US market. However, whiskey enthusiasts can be found everywhere. With the rise of educational programs and the expansion of Maker's Mark and Knob Creek distribution, Bourbon is gaining increased traction across a variety of different markets."

Beam Suntory has also focused strongly on its malts over the past few years. Cockram says: "Malt Scotch whisky is a key component of global travel retail and we continue to invest in the category, including a bold return to age statements with Bowmore and two new SKUS from Laphroaig – Four Oak and the 1815 Legacy and immersive education on peated whiskies and ground breaking global activations from Auchentoshan Single Malt Whisky's Distilled Different platform."

Whisk(e)y may often take center stage, but Cockram says Cognac remains an important category. "In 2016 we launched a new exclusive Courvoisier Artisan Edition range for travel retail, which focused on its craft credentials and luxury cues; including



While Beam Suntory has an incredible whisk(e)y portfolio, the Cognac Courvoisier is also incredibly important as can be seen by the recently introduced "lantern" packaging and more upcoming activations and promotions

Two new releases from Laphroaig include the Four Oak and the 1815, shown here

The Chita has been one of the company's focus brands for activations in 2016 and this continues in 2017

the traditional maturation processes that come together to create one of the world's finest Cognacs," he says.

A calendar of activations

The company is no stranger to activations in travel retail. "The Chita, Maker's Mark Cask Strength, Jim Beam Double Oak and the unveiling of Jim Beam's first-ever global packaging redesign are examples of a number of successful launches seen in 2016," says Cockram. "Global experiential activity at key airports across the world spotlighted the Bourbon Legends platform and Courvoisier Artisan Edition 'A Toast of Paris,' where the brand recreated the base of the Eiffel Tower at Paris Charles de Gaulle airport."

The focus in the Americas for Beam Suntory will continue to be the whisk(e)y portfolio, specifically Bourbon, Japanese and Scotch. "As the home of Bourbon, we are afforded the opportunity to develop the category even further," says Cockram. "It's really exciting to be able to grow the category as a whole with brands like Maker's Mark and Jim Beam Black, two of the finest in the world. Add in the greater Jim Beam portfolio and Knob Creek and you have a robust family of products that consumers love. We additionally want to take advantage of the red-hot Japanese category and the momentum we have with our launch of Hibiki last year. We will be adding The Chita this year, a beautiful expression that's perfect for the traveler looking to access Japanese at a great price point."

The Bourbon Legends platform will be an important focus for the company this year, both in activation formats and permanent visibility solutions. "The platform allows us to showcase our impressive range of Bourbons, educating and exciting consumers on the quality, innovation, tradition and heritage behind our brands while driving growth in the sector," says Cockram.

New launches for 2017

Beam Suntory also has a number of new product launches, activations and innovations coming up this year, including around 10 new SKUs across three markets. "The first quarter has already seen the launch of the new Bowmore travel retail exclusive range, making a bold return to age statements for the first time in five years, along with two new releases from heavily peated Islay malt, Laphroaig. Beam Suntory has also released a new gift pack for leading Cognac brand Courvoisier, highlighting its Parisian heritage and luxury cues. As previewed at TFWA Cannes at the end of last year, our ambition for this year focuses on innovation and we're confident this will build on our position as global leaders in the dynamic travel retail channel," says Cockram.

The company is currently launching Roku, the first premium Japanese craft gin in its portfolio. Meaning "six" in Japanese, Roku incorporates six traditional Japanese botanicals, which are infused, distilled and blended by the Japanese artisan of Suntory Spirits in Osaka. ■

Patrón's store within a store at the international cruise ship terminal in Cozumel, Mexico with DFASS has been a highly successful effort.

Keeping on

BY WENDY MORLEY

With years of experience growing sales, Patrón will continue to do what it has found to work including partnering with companies and individuals on promotions, activations and limited edition packaging

Patrón has gone from strength to strength since its inception, becoming one of the best known tequila companies in the world and certainly the first to bring premium and superpremium tequila to the global market. Duty free has always been an important aspect of the company's success. John Kilmartin, VP, Global Travel Retail for Patrón, says travel retail has not lost its importance for the company. "We confidently continue to see significant growth potential in travel retail, driven by Patrón."

While this channel is important for the company, it still presents challenges. The past two years have been shaky in a few regions, most notably South America. But Patrón sales continue to grow. "2017 is shaping up to be another great year for Patrón!" Kilmartin says. "We're up +18%, led by the continued strength of our flagship Patrón Silver tequila."

Global upswing

In fact despite this slowdown, which is now a recovery, Kilmartin says the Americas are performing strongly. "Additionally, we're seeing positive trends in APAC, and the Middle East is also improving," he says. "South America, Russia and MENA are all showing considerable signs of recovery. Prices of commodities are still high but they have stabilized, as have a number of currencies versus the US dollar. Where there are still issues, they tend to be political as opposed to being economic in origin."

Working with partners

Promotions and activations have always been part of Patrón's strategy, and as Kilmartin says, the company continues to work with its partners to create impactful promotions and activations. "For instance the 'store within a store' at the international cruise ship terminal in Cozumel, Mexico with DFASS has been a highly successful effort." Kilmartin says the company is working on several new activation and promotion initiatives.

Kilmartin is especially excited about a collaboration the company is working on with acclaimed filmmaker Guillermo del Toro, who is from Jalisco, Mexico – the region where Patrón is produced. "We worked together with him to create an exceptional extra añejo tequila and an aged orange liqueur, packaged in a stunning presentation that he designed," says Kilmartin.

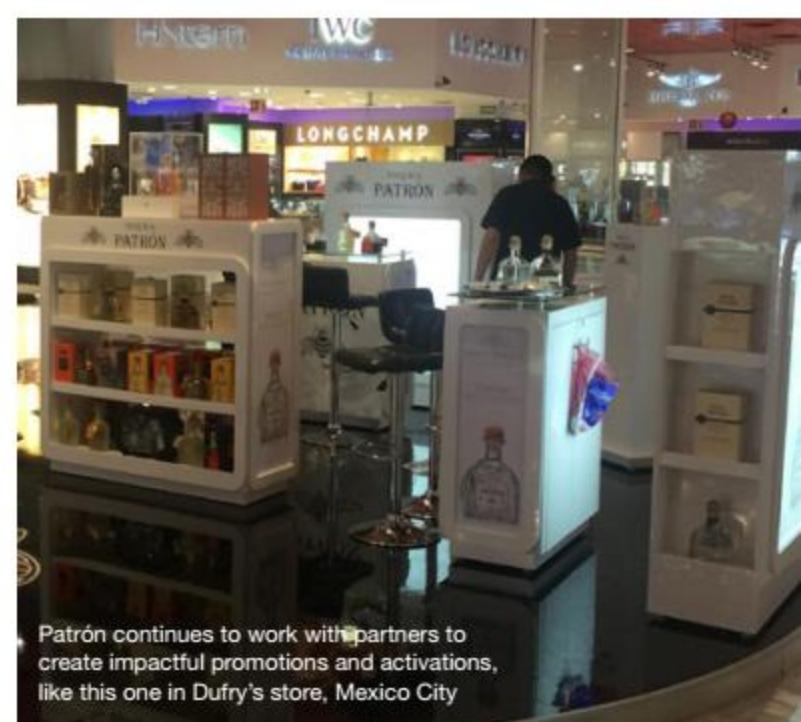
Limited editions

Patrón continues to produce limited edition packaging to delight consumers in GTR. "Our one-liter exclusive Patrón collectors' tins – such as the Chinese New Year tin and Mexican Heritage tin – have continued to excite retailers and consumers," says Kilmartin.

In Cannes, Patrón will be showcasing its full portfolio of spirits. "Of course we wouldn't miss Cannes!"



John Kilmartin, VP, Global Travel Retail for Patrón, says the company still sees significant potential for sales growth in duty free



Patrón continues to work with partners to create impactful promotions and activations, like this one in Dufry's store, Mexico City

Illva Saronno says salute to cocktail culture

The legendary Italian liquor company is shaking up the status quo in new markets by leveraging our love for cocktails and coffee

BY CLAIRE MALCOLM

In the 70 years since the Reina family founded the Lombardy-headquartered company, to capitalise on the early 20th century success of its secret recipe liqueur, Disaronno has become a fixture on bar and retail shelves around the world.

But while it's perhaps traditionally best known as an after dinner digestif, according to Domenico Toni, the company's International Sales Director, its future success lies in communicating Disaronno's cocktail potential to the next wave of consumers.

"Asia is still a major focus for us, compared to Europe and North America, where the liqueur category is already very strong and we have good market share. In this region, whisky, brandy and rum dominate sales," he says.

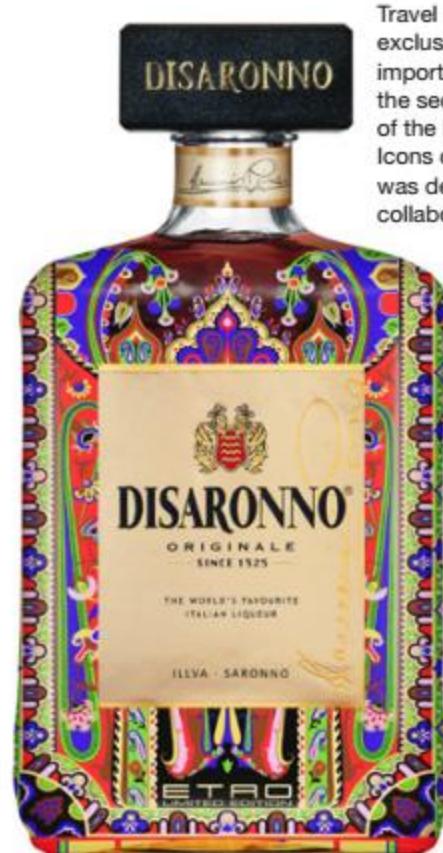
"We have put a lot of effort into showcasing the versatility of Disaronno and it is the perfect ingredient for a number of cocktails such as our refreshing signature Disaronno Sour cocktail, which can be enjoyed virtually any time of day," he adds.

Toni and his team believe that in concentrating on growing market share by enlarging the category, and by not competing directly against other liqueurs, Disaronno can hold its own against well-established spirits in the cocktail arena.

"Leveraging the cocktail element is key to securing presence in new markets. We are looking at places like Vietnam, where cities like Ho Chi Minh are very receptive to the brand, and also in the Philippines. South Korea is another market that holds good potential and where cocktail culture is already customary," he notes.

Illva Saronno also plays on the strengths of the travel retail channel as a precursor to domestic market entry, providing tasting opportunities for consumers unfamiliar with its brands, as Toni explains: "A window for our brands, it's very important for us to educate the consumer this way, especially in markets

The Tia Maria coffee academy program brings bar tenders and baristas together to share experience and ideas



where they have no comparison. Where we are penetrating the market we are seeing good reactions, especially for Disaronno.

"In Asia, in addition to travel retail, we are in the on-trade, which is an essential step in educating the bartenders who become our customer-facing brand ambassadors."

Exclusivity is also of prime importance and the Disaronno Icons collection, now in its fourth iteration, is completely on point as far as Asia is concerned. The Etro collaboration follows the 2015 success of the Cavalli designed collection, with more than three million sets released globally.

The Disaronno wears Etro design draws inspiration from the brand's Autumn/Winter 2016 season and is a continuation of the house's signature paisley collection in vibrant blue, orange and gold hues, with two sets of three mini bottles each forming the limited edition collection.

Tia Maria is another Illva Saronno

label that Toni says is picking up on global beverage trends.

Following its recent bottle and packaging refresh, which added a contemporary flavor to a timeless favorite, the decision to ramp up the coffee angle was a logical move for the company.

"We wanted to leverage the global appeal and growth of coffee around the world. We are consuming more coffee than ever before, and consumers are also demanding higher quality options, with craft roasteries playing on the coffee culture," says Toni.

"This lends itself to what we call coffee cocktail culture, and we decided to launch a coffee academy that would bring together talented baristas and bartenders to exchange ideas, experience and pair coffee with Tia Maria in exciting cocktail preparations," he adds.

The academy has already visited London and Holland, with Australia next on the monthly schedule, and other destinations in the works.



Domenico Toni, Global Sales Director, Illva Saronno

Travel retail exclusivity is of prime importance, and the second iteration of the Disaronno Icons collection was developed in collaboration with Etro



Macduff is gaining ground in Asia, with a primarily domestic focus in Malaysia and Vietnam, and border shops and travel retail presence in Cambodia, Laos and Myanmar

The idea was first mooted at the TFWA Asia Pacific exhibition in 2016, and 12 months on, the limited edition luxury boxed black ceramic decanter is making a statement on southeast Asia's duty free shelves.

John Scott, Export Sales Director for Macduff, says: "We used some of the original casks we bought when the company opened for business in 1992 when we launched with three brands we'd purchased from Allied Distillers – Lauder's, Grand Macnish and Islay Mist.

"A limited run of 2,000 bespoke decanters, and retailing at around US\$200, it was pretty much all pre-sold from the beginning."

Lauder's is also downsizing, but with an ulterior motive, following the development of a one-of-a-kind miniature bottle. Says Scott: "This will be used across the entire range so, for example, we will be able to produce triple packs of the cask finishes or 15-year-olds, which is great for travel retail.

The Macduff name is gaining ground in Asia, with a primarily domestic focus in Malaysia and Vietnam, and border shops and travel retail presence in Cambodia, Laos and Myanmar. Scott also reports interest from Sri Lanka and India.

Just over 18 months ago, another popular brand, Islay Mist, saw success with its Japan market-exclusive special edition cask finish, which used rare solera casks for the ageing process.

Says Scott: "We got the idea from a customer in Japan who used to work for the Bodegas Hidalgo sherry com-

pany. They are located close to the sea and produce a sherry with a salty marine character.

"Islay Mist is based on Laphroaig and has similar elements, so it was a nice idea to marry the two together. For the first run we used a manzanilla cask, which has a light dry sherry finish. We've now been able to get our hands on some more casks, which are amontillado, so there is a richer flavour plus you also get some wood notes in there."

More casks mean more bottles and with certain Asian markets huge fans of sherry cask-aged whisky, Scott is excited to deliver another interesting premium product to Macduff customers in the region.

For travel retail, Lauder's and Grand Macnish twin packs are performing well in southeast Asia, which is leading demand.

"We had a very good 2016 in Taiwan, which was our strongest far eastern market for a long time. It's more domestic-based, but we ran a couple of successful promotions that drove significant volume, and we also sell a lot of the premium blends," he remarks.

Tough market conditions in the Middle East make for a challenging retail environment although he notes positive sales out of Israel, Lebanon, Iraq, the UAE and Oman.

Says Scott: "India is also growing slowly, and Sri Lanka is a real growth market for us, despite the fact we've only been there for a couple of years. We have a good partner with a good route to

MACDUFF

raises a glass to Asia market opportunity

Premium blended Scotch whisky company, Macduff International, celebrated its 25th anniversary in February 2017 with the launch of Lauder's 25 year-old

market, and we are in duty free as well as ship chandling, plus domestic through demand from high-end hotel and gentlemen's clubs.

"We are actually outperforming other blended Scotch whisky companies at the moment and holding our own in some of the more challenging markets. If we can maintain our growth in the Middle East and Asia, and we see some stabilisation in places like Brazil and Scandinavia, then the next 12 months look very positive."

John Scott, Export Sales Director, Macduff International



Amarula is also donating US\$1 to conservation projects for every digitally created elephant



Asian promise driving Distell market presence

High profile Amarula 'Name Them, Save Them' campaign adding note of distinction to shelves across Asia, with Nederburg wine label also engaging regional audience

Fans of Amarula liqueur were first invited to name, colour and design an African elephant in October 2016 via a global campaign, with social media sharing raising awareness of the fact that one elephant, out of the 400,000 recorded mammals, is killed every 15 minutes.

The high profile campaign is now in phase two, with a third and final phase to be unveiled on August 12, 2017.

"The idea was that when you give them a name, you form an attachment and this drove awareness of conservation efforts. This has now been brought to life on shelf in phase two, with the release of 400,000 individually labelled Amarula bottles," says Andrea Baumgartner, Head of Marketing, Global Travel Retail, Distell.

Revealed to the industry at this year's IAADFS Duty Free Show of the Americas, the bottles are now being distributed to

Almost half a million consumer-designed 'Name Them, Save Them' Amarula bottles have been released globally



key travel retail and domestic markets around the world. Amarula is also donating US\$1 to conservation projects, for every digitally created elephant.

"The bottles are hugely collectible and obviously support a very worthy cause," she explains, adding: "On August 12, 2017, which is World Elephant Day, we will release the 'ellie-less' bottle. The elephant graphic has been removed to further highlight the importance of the issue and reinforce our campaign."

Distell plans to keep the campaign alive for the next few months in a number of key locations, including South Africa, with resources allocated to in-store visual messaging as well as online new media support.

Baumgartner also reports that the brand's new elephant-inspired bottle shape, which launched late last year, has been extremely well received, and is reflected in an uptick in sales. The distinctive bottle is now also on shelf at Changi International Airport.



The third and final phase of the Amarula campaign will go live on World Elephant Day on 12 August 2017



Distell's Nederburg wine portfolio is also enjoying increased presence with the launch of the Private Collection travel retail exclusive range

"For Amarula, the market in Asia is looking promising. We are doing a lot of work in China and Southeast Asia, with early rewards showing. Amarula is very easy to drink, so future tasting opportunities as well as staff training on the brand and story will be very important in growing awareness," she says.

Distell's Nederburg wine portfolio is also enjoying increased presence with the launch of the Private Collection travel retail exclusive range, which includes a Shiraz, Cabernet Sauvignon and Sauvignon Blanc, as Baumgartner explains: "We've just launched this range with an overwhelming response, not only to the award-winning brand name but as a great fit for the travel retail market and shoppers looking for something different.

"We're seeing a good response with our Asian customers in terms of listings interest as they are always looking for travel retail exclusives; and the printed label also reinforces this."

A blanc de blancs Chardonnay has also been added to the Pongrácz travel retail-exclusive range, and Baumgartner says this will be pushed in Asia and South America.

On the Scotch whisky front, Bunnahabhain is currently undergoing a major relaunch, with a summer 2017 unveiling. A larger label, which expands on the storytelling aspect, will be debuted along with travel retail exclusive labelling.

Handcrafted organic brand, Deanston Single Malt, is also sporting a new high-end gift box that includes pictures and signatures of the distillery team as well as an eye-catching 'organic whisky' stamp.

At the top end of its whisky portfolio, the limited edition Ledaig 42-year-old, produced at the company's Tobermory distillery, which is currently closed as part of an extended renovation program, remains a flagship "statement piece" for Distell.

Says Baumgartner: "Its high-end boxed presentation includes a miniature commemorative plaque made from the copper of the original still, and having this kind of prestige product on shelf really showcases our commitment to unique brands with a history and story." ■

At the top end of its whisky portfolio, the limited edition Ledaig 42 year-old, remains a flagship "statement piece"



Twin continent focus as Choya takes on Asia and Africa

New territories beckon for Osaka-born ume fruit liqueur company as traveling consumers look for new and unique products

BY CLAIRE MALCOLM

Leading Japanese umeshu liqueur producer, Choya, is celebrating a successful last 12 months in duty free and travel retail as it continues to spin the globe in an effort to expand its international presence and make the ume fruit-based drink a liquor cabinet staple.

Says Seiji Susuki, Senior Manager Overseas Division, Choya: "Last year we were focusing on growing awareness of the Choya brand and concentrating on products like the single year.

"We saw stable sales performance in 2016, and overseas business increased by 20% in the first five months of this year."

Singapore has been a consistent performer with 10% growth at Changi in 2016, and sales up a further 10% year-

to-date, which Susuki largely attributes to increased brand awareness supported by tasting activities.

"Tasting is by far the most important, and successful, mechanism to drive sales. When our customers taste and experience Choya, they walk away with a positive impression, and hopefully make a purchase," he says.

"We are also investing time and resources into customer service agent training, as they play an equally important role in converting curiosity into sales," he adds.

New to the portfolio is the five-year aged The Choya From the Barrel, which was launched in Japan, at Narita, Haneda and Kansai airport stores, in March 2017. A limited edition product, with just 12,000 bottles produced per year, Susuki says it is being snapped up in duty free.

Production involves ageing ume fruit for three years in a glass-fiber tank using cane spirit and sugar, after which it is transferred to oak casks for a further two years. This part of the process gives the liqueur its rich flavor with almond notes.

The bottle retails at ¥ 4,000 (US\$36) and is premium packaged to ensure high shelf visibility and encourage upsell.

With a portfolio ranging in price from ¥ 2,000 (US\$18) upwards, in addition to the popular travel retail 50ml taster trios, the Extra Years line, which is made from 100% premium Japanese Nanko ume, remains the top seller.

Choya Yuzu, with its elegant white and gold packaging, is also doing well, according to Susuki, with Changi International once again driving sales volume.



Seiji Susuki, Senior Manager Overseas Division, Choya

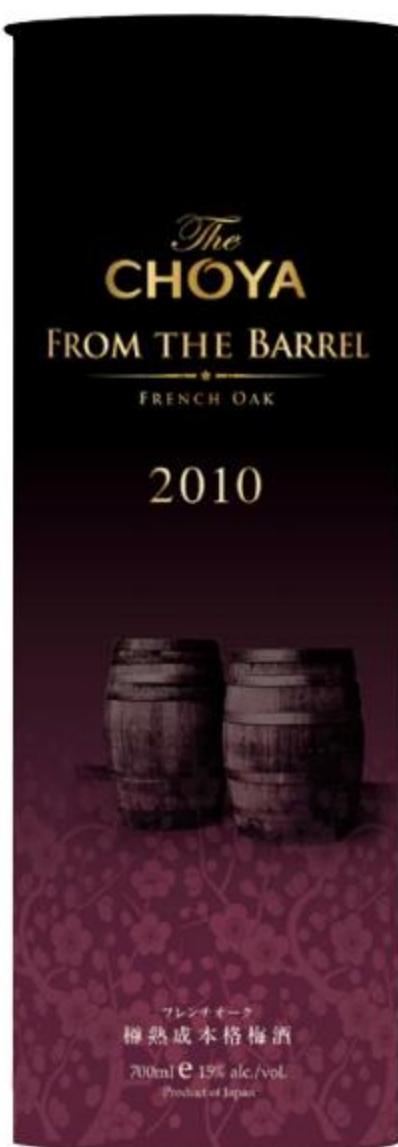
Choya Yuzu, with its elegant white and gold packaging, is also doing well, with Changi International driving sales volume

"A lot of our clients refer to it as the Japanese limoncello, and it really complements the ongoing cocktail trend. We advise mixing it with gin and lots of ice for a refreshing and easy-to-drink summer cocktail," says Susuki.

From the vast expanse of Central Russia to the tiny Caribbean island of St Martin, Choya is expanding its travel retail footprint beyond Asia's borders, as he explains: "This year, we have a big focus on Africa and have been talking to prospective partners in Egypt, Nigeria, Cameroon, Congo and Mauritius, as well as South Africa.

"The Cameroon and Congo opportunity came out of meetings in Cannes last year. We are already seeing early successes in South Africa and Mauritius but it's early days elsewhere on the continent."

The US and South America are also on the radar, with Susuki highlighting Ecuador and Peru, and advocating Choya Yuzu as the perfect foil for an alternative take on a traditional Pisco Sour.



New to the portfolio is the five-year aged The Choya From the Barrel, which launched in Japan in March 2017



Martin Kaufmann, SVP Europe and Global Travel Retail at Oettinger Davidoff AG, says despite challenges such as regulations and unstable regions, GTR business is up

Routinely remarkable

Davidoff might be in a position to rest on its good name, but the company continues to innovate, offering a seemingly neverending stream of new items to excite the aficionado

BY WENDY MORLEY

Although tobacco regulations throughout the world continue to bring challenges and various regional economies have been especially tough, Davidoff's Global Travel Retail business has been positive so far this year, with demand up in the single digits, according to Martin Kaufmann, SVP Europe and Global Travel Retail at Oettinger Davidoff AG. "Demand has been particularly strong in the Middle East and Africa. Also, in Asia we are seeing a return of Chinese travelers, resulting in a positive trend. Traveler corridors have changed again. That is, the drop in South Korea, for political reasons, has been re-routed to markets like Vietnam, Thailand and Malaysia. We are also noticing positive demand development in Europe."

While certain regions saw a huge drop in traveler and sales volumes in 2015-2016, Kaufmann says he sees that a return to normal is occurring. "Chinese travelers are slowly coming back – within Asia, but also back to Europe. Of course, we are still nowhere near the levels we experienced until the end of 2014. Russian travelers are also coming back. We are not seeing the same development in Latin America yet."

Future trends

Traveler numbers and spend are far from the company's only concern. The further regulation of the cigar market is always a matter for attention. "The necessary differentiation vs. cigarettes is not being made sufficiently and all tobacco products are treated similarly, despite their many differences in almost every aspect," says Kaufmann. "This, of course, has an impact on the overall complexity cost on the supply chain side in travel retail, specifically in Europe, with TPD2 affecting travel retail the same

as domestically. Asia is also seeing increased restrictions such as more regulations on health warnings."

The company expects demand to increase. One reason is the growing number of global passengers. "Secondly, we noticed consistent success in attracting new clientele to Davidoff premium cigars, driven by our relatively new lines of Davidoff Discovery Pillar with the black label, Davidoff Yamasá, Nicaragua, and Escurio," says Kaufmann. "This is especially the case with consumers who were more likely to enjoy cigars made in Cuba. They are now discovering the wider world of new taste experiences, aromas and stronger cigars with different origins."

A dream promotion

Kaufmann confirms that promotions are an important and regular part of business for the company. "We regularly have promotions in key locations across the globe with our business partners to raise awareness on product news and to engage with our clientele. For example, we implemented a promotion for our Davidoff Yamasá launch at Dubai International Airport, Terminal AB East," he says. "As an incentive, every Yamasá shopper was able to participate in our 'Share your dream' raffle to win US\$10,000 by writing down the story of their personal dream in the context of the launch theme 'dream-dare-discover.' The winner received a cash prize to help achieve his or her dream. The winner, who was from China, was announced in May in Dubai by Hans-Kristian Hoejsgaard, CEO of Oettinger Davidoff AG, alongside Colm McLoughlin, CEO of Dubai Duty Free. Our aim is to multiply such promotional successes and fruitful win-win partnerships, as well as to move forward with maximizing their impact."



As part of the Yamasá launch at Dubai Duty Free, Davidoff held a 'Share your dream' promotion, wherein the winner received a cash prize to help achieve his dream



The first Davidoff Culebras Limited Edition is composed of our latest Brazilian Escurio, Nicaragua and Yamasá cigars braided together in the unconventional Culebra format



New releases

Davidoff is never short of new releases to excite the cigar aficionado, and the company has introduced a great selection lately. "Our Limited Edition Davidoff Year of the Rooster has been very successful," says Kaufmann. "It was created to mark the Chinese New Year for the delight of consumers around the globe. Our Chinese travelers have particularly, though not exclusively, embraced this cigar as a perfect gift."

The company continues to see success with its Davidoff Discovery line, and other new releases bring attention from cigar lovers both new and established. "The latest launch, Davidoff Yamasá, has not only completed the innovative new taste experience by attracting new consumers to our franchise, but has also helped to drive our above-market growth for Davidoff," says Kaufmann, who also discusses other new launches. "We are about to launch the new Davidoff Winston Churchill - The Late Hour. Like other cigars in the Davidoff Winston Churchill line, The Late Hour is inspired by Sir Winston Churchill, one of the most celebrated cigar lovers in history. When most people were thinking of going to sleep, Sir Winston Churchill was thinking how best to govern and inspire a nation. This cigar has been crafted to reflect this facet of Winston Churchill's character, and the dark hours during which he was at his most creative. The cigar is a complex, flavourful, Scotch cask aged, multi-origin cigar blend, with tobaccos from the Dominican Republic, Nicaragua, Ecuador and Mexico. We are very confident that the exciting result will delight existing and new Cigar aficionados who are open to the wider world of new tastes and a rewarding experience."

A real innovation the company is soon introducing to con-

sumers is the first Davidoff Culebras Limited Edition, which will be distributed selectively. "This is a very interesting taste experience, composed of our latest Brazilian Escurio, Nicaragua and Yamasá cigars braided together in the unconventional Culebra format. What you can expect later this year and at the beginning of next year is the new limited edition for 2018 Chinese New Year - we are already excited about it!"

The importance of GTR

Davidoff is working on GTR-exclusive packaging, since the company believes "it is key to offer travelers around the world beautiful products that they cannot get at home," according to Kaufmann. "Our aim is to offer exciting gifts that people can bring back to their loved ones or enjoy privately at home. We are confident that our upcoming exclusives will be successful for us while surprising both loyal customers and newcomers."

Kaufmann expresses that Global Travel Retail & Duty Free business is a top priority. "From a strategic standpoint, GTR is our window to the world for the Davidoff brand, and the retail environment at key airports is getting more and more exciting thanks to exquisite shopping experiences that consumers might not even find on the domestic market. The digital revolution is also increasingly finding its way into this arena. With our newly created 'Digital Village' at the TFWA World Exhibition in Cannes we will have the opportunity to provide some insights and new approaches, which will allow suppliers to showcase their advanced digital solutions and concepts." The new release Davidoff Winston Churchill - The Late Hour will play a very prominent role in Cannes, but Kaufmann says: "Other surprises are not out of the question."

Davidoff's upcoming release, The Late Hour, is inspired by Sir Winston Churchill, one of the most celebrated cigar lovers in history. When most people were thinking of going to sleep, Sir Winston Churchill was thinking how best to govern and inspire a nation

Category evolution

In an ever-changing category, BAT uses innovation to offer new choices to adult travelers

BY WENDY MORLEY

Changing consumer choices and regulations make the tobacco category especially challenging. British American Tobacco (BAT) is answering the challenge in part with a new initiative focused on Next Generation Products (NGPs), which include vapor products like e-cigarettes and tobacco heating products.

"BAT is passionate about our tobacco business, and we pride ourselves on offering consumers a choice of high-quality products that meet their needs," says Venancio Correa da Silva, Head of Legal and External Affairs, Global Travel Retail, BAT. "We are devoting significant time, funds and resources to extending that choice to include alternative tobacco and nicotine products that provide consumers with potentially less risky alternatives to smoking regular cigarettes."

Major investment

BAT has invested more than US\$1 billion over five years in developing a world-leading portfolio of products in the NGP category. "This is not just because they are an exciting new opportunity for us," says da Silva, "but also because there are clear



benefits for society in potentially helping reduce smoking-related disease."

Of particular note is "Pebble," a palm-sized, powerful vaping device. "BAT has always had a passion for innovative solutions and Pebble is no different. Vype launched Pebble – available in five distinct, bold colors – in early 2017," says da Silva. "This new device can now be found in Rome Fiumicino, Paris Charles de Gaulle and Orly, Luton and Frankfurt airports, to name but a few. The Pebble launch in Rome saw strong levels of consumer engagement with the digital activation provided, demonstrating a positive level of consumer interest in this innovative vaping product. The Vype Pebble is the perfect travel companion for the discerning vaper."

Product launches

Dunhill SELECT Double Capsule was launched in global travel retail in May 2017, communicated to adult smokers through shelf materials, consumer activations and 1-2-1 engagement.

The launch this year of "Pebble," a colorful, palm-sized vaping device, saw strong levels of consumer engagement



The next launch, KENT Demi-Slim cigarette in 90mm length, will come in November 2017. "The new launch offers a luxury format cigarette with newest filter innovations: Less smoke smell filter and Clean Finish Filter," says da Silva. "This gives the consumer an improved aftertaste and less smoke odor."

Promotions and activations

BAT ran a KENT promotion in May and June in Zurich, which introduced new KENT brand architecture and improved quality design and introduction of less-smoke-smell filter innovation. "The aim of the campaign was to offer the consumer a better way in packaging, product, new technologies, latest communication and a better way of traveling," says da Silva.

Amman Duty Free recently deployed the first Dunhill SELECT activation, wherein an innovative digital waterfall allowed consumers to express themselves by creating their own patterns and messages directly on the water. "This created excitement in the store and attracted consumers to the tobacco category," says da Silva. "Dunhill consumers were further engaged through premium personalized shopping bags and business lounge access upon the purchase of three cartons of Dunhill."

Lucky Strike Wild, the leading capsule SKU in Lucky Strike's portfolio, has been the subject of a number of promotions that included visuals and gifts with purchase. "As a result, we had very positive feedback from our target audience, who found our point of sale material appealing and modern," says da Silva. "WILD exceeded expectations and we managed to increase our market share across launch locations in just five months."

The acquisition of Oliva handmade cigars was an inspired move that has helped open doors for the company

Strong portfolio

The long-lived cigar company J Cortès has combined its strengths as a world leader in machine-made cigars with the highly respected handmade Oliva cigars, opening doors for both

Global and duty free business for J Cortès has improved dramatically with its acquisition of Oliva handmade cigars last year. "Feedback has been good," says Thomas Gryson, Export Manager & Travel Retail Coordinator at J Cortès.

"Travel retailers tend to be more interested in handmade cigars than machine-made," says Gryson. "Oliva opens doors. We are now in talks with Dufry for several airports, and we have listed many more SKUs with other retailers such as DFA." For many years J Cortès has a successful cooperation with Lagardère-Aélia for the brands Neos and J Cortès. This good relation resulted also in the first official listing in Charles de Gaulle and Nice airport of Oliva with Lagardère-Aélia – the first successful step in the launch of Oliva in global duty free.

Oliva is an especially well known cigar in the US but in general known to aficionados in the rest of the world. "You will find Oliva in any specialty tobacconist," says Gryson, "but they are not well known like, for example, a Cuban cigar."

Since J Cortès has very strong global distribution and is available in over 80 countries, the acquisition is helping sales in both directions: Oliva is helping J Cortès to get listings, which extend to its Neos Selection 50 cigars and flavor collection

in duty free retail, and the already strong distribution system is helping to bring Oliva to the world.

Machine-made challenges

The story isn't all positive, however. "Retailers in GTR prefer handmade over machine-made cigars. Where we used to have gondolas we now have small shelf space. Retailers rationalize cigar priority and they are not as interested in machine-made and cigarillos, so it's difficult to get new listings. Difficult but not impossible."

The company has launched a new SKU that has had an immediately positive effect in this regard, however. The Sumatra Collection 9 Cigars is a beautiful wooden box containing an assortment of nine different sizes of J Cortès cigars – perfect as a gift. "This has just launched at Brussels airport and has been selling well," says Gryson. "In fact I was in the airport and saw someone buying one, which was very gratifying."

Five-year plan

Until now duty free has been a very small portion of the company's sales volume, though it has been slowly increasing and duty free is part of the company's five-year strategic plan. "We are three years in, and have made great headway," says Gryson. "We set a goal for duty free of 2% of sales. We are not there yet, but we are slowly getting the attention of retailers – large and small. We will stay with our plan and continue to offer our Neos Selection 50 cigars and flavor collection in travel retail while also presenting such items as the Sumatra Collection and, of course, handmade Oliva cigars. Together this makes a strong portfolio that creates a nice range for the retailer."



The Sumatra Collection, which comes in a beautiful wooden box, offers a selection of quality J Cortès cigars in different sizes, making it the perfect gift for the cigar lover

KTI adds fashion to format and flavor

Tailoring of top brands key to Asia and Middle East market share growth for KT International

BY CLAIRE MALCOLM

Opportunities in duty free and travel retail in key markets across Asia and the Middle East are driving developments for the Bulgarian tobacco company, with product differentiation the catalyst for future growth.

With a range encompassing 13 pack formats, KTI is focusing its attention in Asia on a duo of brands – Corset and King.

At this year's TFWA Asia Pacific Exhibition & Conference in Singapore the company premiered a new front-opening shell pack for its popular female-targeted Corset brand.

According to Milena Stoyanova, CEO Executive Assistant, KTI, with further tightening of tobacco regulations in Europe, attention is now increasingly turning to Asia, with the company looking to build on its existing business foothold by adapting key brands to attract a growing regional audience.



She explains that while quality plus product value for money are obvious key opportunity drivers, packaging is the catalyst.

"Asia is an extremely promising market for KTI. Taiwan is one of the strongest markets currently, along with Vietnam and Singapore as well. Last year we entered Malaysia, and are there domestically as well as at Kuala Lumpur International. We are targeting other locations this year, in different channels, in terms of expansion," she says.

Consumer preference in Asia is for the standard 84-millimeter kingsize format, and KTI is working to raise the profile and reach of its most popular brands through packaging innovation, among other things.

"In Europe there are multiple restrictions when it comes to format, flavors, packaging and colors/design and, at the moment, Asia doesn't have the same strict regulations in place," remarks Teodor Penev, Trade Marketing Manager MENA, KTI.

Says Stoyanova: "A major focus for us in Singapore was the new Corset shell pack. It's a unique format and the first of its kind in the market. The product was two years in development and was created in response to European tobacco regulations, which saw super slim and lipsticks formats banned."



New shell pack for KT International's popular female-targeted Corset brand

"We have also developed a limited edition Corset specifically for Asia. We have added a black and white version, called Tahitian Pearl and Akoya Pearl to our existing white, purple and mauve packs. We are confident that they will appeal to our target female audience, who is looking for something extremely feminine and premium. The packaging is very fashionable and looks like an accessory."

KTI has also created special Asia editions for its KING range, with a differentiated design and use of locally significant colors such as red and gold.

"We have more freedom in terms of design opportunities for the Asia market, and that enables us to develop two exclusively designed SKUs. We also launched our new King capsule for Asia and think this will be very successful," explains Penev.

In the MENA region, KTI is pushing the Falcon brand, with the introduction of its trademarked cube 'focus filter', which has a central hole that the company says delivers a refined smoking experience by intensifying flavour and reducing harshness.

Says Penev: "The Middle East is also a growing market for us, with Falcon and Corset in lipstick format working well. We already have Dubai Duty Free and are working on a number of other duty free partnerships, with new locations hopefully coming on line this year."

advertisement removed for legal reasons



The packaging for the Winston brand, which as of last year joined the Imperial Tobacco portfolio in select markets, has undergone a modern redesign

With Davidoff Freeze, Imperial Tobacco's goal was not just to create another Crushball variant, but instead to develop the very best



Two hemispheres

This Imperial Tobacco brought new products, new packaging and new booth design to wow customers on both sides of the globe

BY WENDY MORLEY

Imperial Tobacco has had two clear regional focuses this year, highlighted during the two main regional trade shows in the industry.

In Orlando at IAADFS, the focus was on the revamped and reimagined design for its US American Winston cigarette brand, which joined the Imperial Tobacco portfolio last year in select markets. The new package design introduces a modern look, with changes to the pack and carton – both well received in customer surveys. Winston Red and Gold both received the new presentation.

This refresh was launched last year in the United States domestic market, supported with strong consumer promotion and engaging programs designed to encourage trial, conversion and retention for adult smokers. A new Winston website has also been launched to support the new look and gain further brand loyalty.

"Domestically the brand's market share has been growing, with the new look," said Herman Ten Have, Regional Manager Americas Global Duty Free. "We're now taking the new look into duty free and look forward to introducing the brand to buyers in Orlando."

Asia focuses on Freeze

At TFWA Asia Pacific, Imperial Tobacco focused on Davidoff Freeze, exclusive to the Asia Pacific market and the brand's first foray into the Crushball sector.

Andrew Cunningham, Regional Manager Asia Pacific, Global Duty Free, Imperial Tobacco, said: "Our objective with Davidoff Freeze was not just to create another Crushball variant, but to develop the very best Crushball product available."

Davidoff Freeze delivers an intense menthol taste and offers a lip-tingling sensation. "Furthermore, we've added a

menthol impregnated inner pack, with a fresh and cooling aroma, which adds even more dimension to the overall smoking experience," said Cunningham. "The freshness and high quality is further emphasised by the detailed and contemporary pack design. So far, we have been extremely happy with the development of this product – it is now available in 13 countries all over Asia and is already proving extremely popular with Asian consumers."

The booth in both Orlando and Singapore highlighted the Experience and Evolution theme, with a fresh design driven by a futuristic mixture of materials. Here Imperial Tobacco personnel presented new-look packs and cartons to both existing and potential customers across all travel retail channels – airports, cruise, ship-chandling and diplomatic.

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